

**California Commission for Economic Development**  
Goods Movement & International Trade Advisory Committee Meeting  
August 5, 2008  
10:00 a.m. – 12 noon  
Port of Oakland, Executive Board Room  
530 Water Street  
Oakland, CA 94607

**MEETING SUMMARY**

**Committee Members present**

Omar Benjamin (chair), William Fong, Jose Duenas, Chuck Mack, Alan McCorkle, John Bowe

**Others present**

Rani Ranjan, Randy Rentschler, John Barna, Garrett Ashley, Matt Davis, Rick Baum, Michele Gault, Virginia Chang Kiraly

Committee chair Omar Benjamin called the meeting to order at 10:15 a.m.

CED executive director Rick Baum made opening remarks.

**Guest Presentations**

➤ **Transportation Corridor Improvement Fund (TCIF)**

Guest speaker John Barna, executive director of the California Transportation Commission (CTC), discussed the Transportation Corridor Improvement Fund (TCIF). He explained that CTC is in charge of the process of distributing \$2 billion in bond funding for transportation-related infrastructure projects within the state. Funds are provided by Proposition 1B. Approximately \$100 million of these funds is provided for security grants for the ports. The CTC has taken the administrative lead in dealing with the projects that will be funded by the bond. They would like to obtain another \$500 million in federal funding to be able to complete certain projects. The CTC plans to accommodate project requests in the Bay Area, Northern/Central California, and Southern California. Mr. Barna described examples of some of the projects taking place in each corridor. Construction on the projects needs to start within the next five years. This undertaking provides the CTC an opportunity to work directly with the ports, which the CTC doesn't typically do. The CTC works closely with the Business, Transportation & Housing Agency (BT&H), who in turn work directly with the railroads. Unfortunately, there are insufficient funds to address growth in truck traffic, which is impacting the ports.

Omar Benjamin stated that rail projects are a big issue and that the public needs to understand their importance. He asked Mr. Barna how the CED committee could help to achieve the goals for which the bond was issued?

Mr. Barna indicated that the rail issue is a high priority for BT&H, but that it won't get resolved in the short term. He stated that there is currently a bill (Ducheny) before the state legislature that would establish a Department of Railroads. [Note: this bill was amended on Aug. 14, 2008 and now would require the state to conduct a study on improving the state's rail functions]. Policy issues such as private sector vs. public interests remain a major concern. The agreements between Union Pacific and the state regarding use of the UP-owned tracks for passenger rail are about 25 years old. Mr. Barna believes that the state has to acknowledge UP's right to operate its business, but UP needs to be willing to be a partner.

➤ **International Trade and Investment Strategy for California**

Garrett Ashley, undersecretary of international trade for BT&H, gave an overview of the state's current involvement in international trade promotion and foreign direct investment attraction. He noted that Latin America is a large growing market for California exports. He said that BT&H focuses on several aspects of international trade including: trade missions with the Governor, developing the California Trade Partnership, facilitating California's participation in the annual CeBIT trade show in Germany, and developing a trade study and strategy for the state. Future trade missions will not necessarily involve the Governor, but perhaps other high-level administration officers. The Trade Partnership was started in 2005 by former BT&H secretary Sunne McPeak, to provide outreach and involvement after the closure of the Technology, Trade and Commerce Agency. He observed that CeBIT, the world's largest information and communications technology conference and trade show, is a top priority. CeBIT has asked California to be its official "partner region" at the 2009 event, which is a great opportunity to showcase California companies and technology. Mr. Ashley discussed the trade strategy and input received from the Legislature.

Rick Baum asked about the job creation goal set forth in the trade/investment strategy and whether BT&H had developed metrics for assessing achievement. Mr. Ashley responded that this has been a debate, and that he has looked at what other states do, and what the U.S. Department of Commerce does. He said that there is no one model that stands out as infallible, but that a common measure is to simply count the number of companies assisted. Unfortunately, companies are often reluctant to give credit to the government for assisting with the development of export or import sales.

Mr. Ashley discussed opportunities for California in Latin America, prompted by a question from Mr. Benjamin.

John Bowe, committee member representing APL, spoke about his company's experience with business in Latin America, stating that he sees great potential. He said the free trade agreement with Colombia is very important and that manufacturing is moving back to Mexico from China and Asia due to shipping costs and fuel costs. This shift in trade benefits Latin America.

Alan McCorkle, committee member with APM Terminals, agreed with Mr. Bowe. APM has expanded its presence in Latin America.

Jose Duenas, committee member with the Easy Bay Center for International Trade Development, said that a large number of IT products are going into Brazil and that Mexico is seeing a growth in manufacturing.

Mr. Ashley said that the best reason for California to support the Colombia and Panama free trade agreements is because they will help the South Korean FTA get passed. Since South Korea is one of our state's largest markets, this will have a tremendous impact on trade flows.

#### ➤ **National Surface Transportation Policy Update**

Randy Rentschler from the Metropolitan Transportation Commission (MTC) gave a presentation on the federal government's National Surface Transportation Policy. Mr. Rentschler provided background information on how the federal freeway system began. He explained that concepts of fuel efficiency, energy security and climate change are becoming more closely linked with transportation policy. He stated that previous generations paid a larger gas tax (.50 - .60/gallon) compared to about .18 per gallon today. There is a huge funding gap for repairing the nation's highways. His presentation listed out some major recommendations made by the National Surface Transportation Policy and Revenue Study Commission. More information can be found at <http://www.transportationfortomorrow.org/>

Mr. Rentschler said that the CED could focus on the larger theme of what transportation means to the state's economy. California can be a leader on this issue. The private sector needs to get involved. He noted that the federal commission was largely Republican and that in spite of that, they agreed the gas tax should be raised.

#### **Discussion**

John Barna mentioned a recent study released by the Texas department of transportation that listed the most congested regions in the country. California is home to five of them. He noted that it has been calculated that in Orange County alone, congestion is responsible for \$12-\$14 billion in lost productivity per year. How can we get even 10% of that back? This issue is one that the state needs to focus on.

A number of other key policy priorities were discussed:

- California's efforts to influence federal policy
- Regional efforts, working together with Washington and Oregon on transportation and goods movement issues
- Coordinating with other states on freight movement
- Cooperating with other states on emissions reduction (Western Climate Initiative, for example)

It was noted that there are a number of business opportunities involved in this area, as new technologies can help to deal with these and related issues.

Public Private Partnerships (PPP) – how can they be expanded to meet California's transportation infrastructure needs?

- John Barna said that in embracing environmental regulations the private sector will in fact find a lot of opportunities
- Omar Benjamin stated that the Committee should further explore PPP as a tool going forward. He asked if we should articulate a schedule or define next steps.

Rick Baum mentioned that the CED has a number of vehicles for publicizing policy suggestions, such as the annual report. He said that the Lt. Governor can publicly speak on policy positions as well. The CED can also hold hearings or other meetings to further explore certain issue areas.

**Priorities raised by the committee members:**

- Infrastructure and air quality. The government says it doesn't have the money, but if jobs and commerce are important, these needs must be addressed.
- Scrutinize the cost of air cargo for transporting high-tech products. These products cannot be transported by way of ship or rail due to humidity concerns, but cost of air cargo is very high. Study the impact of air cargo on the Bay Area economy. Include information on infrastructure needs in the BT&H trade and investment strategy. Also, see if more funding can be allocated to BT&H to help implement the strategy.
- Look at the needs of freight transportation when it comes to ocean shipping and the need for rail connectors at the waterfront. There can be a huge inefficiency when trucks are involved. If California invests in rail, it would remove some trucks, thereby reducing air pollution and traffic congestion.
- The state should focus on PPP and the CED should encourage it.
- Look at getting private investment into some of these areas. Study re-opening the state's international trade offices. Show examples of how the private sector can get involved.

**Public Comment**

Several guests were in attendance, and they were asked to provide public comment.

Bob Dockendorff from the California Marine and Intermodal Transportation System Advisory Council (CALMITSAC) said that they'd like to go to Washington, DC next year with a unified California plan. Janice Weaver from the U.S. Department of Transportation Marine Administration (MARAD) said that they are very aware of these issues (referring to the continued earmarking of funds for interstate highway development) and that a new model is needed on the federal side. She said that MARAD has an initiative for a national port strategy, which includes taking a comprehensive look at goods movement. There is a great deal of stress on the system in LA/Long Beach and in Oakland.

Meeting was adjourned at 12:10 p.m.